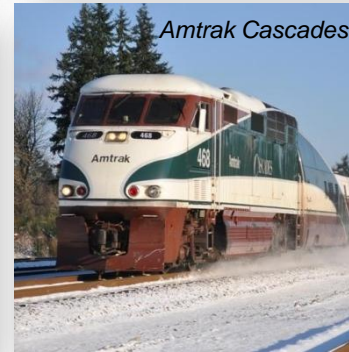
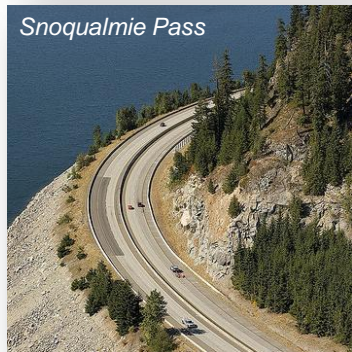
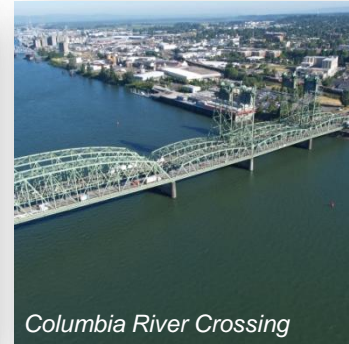


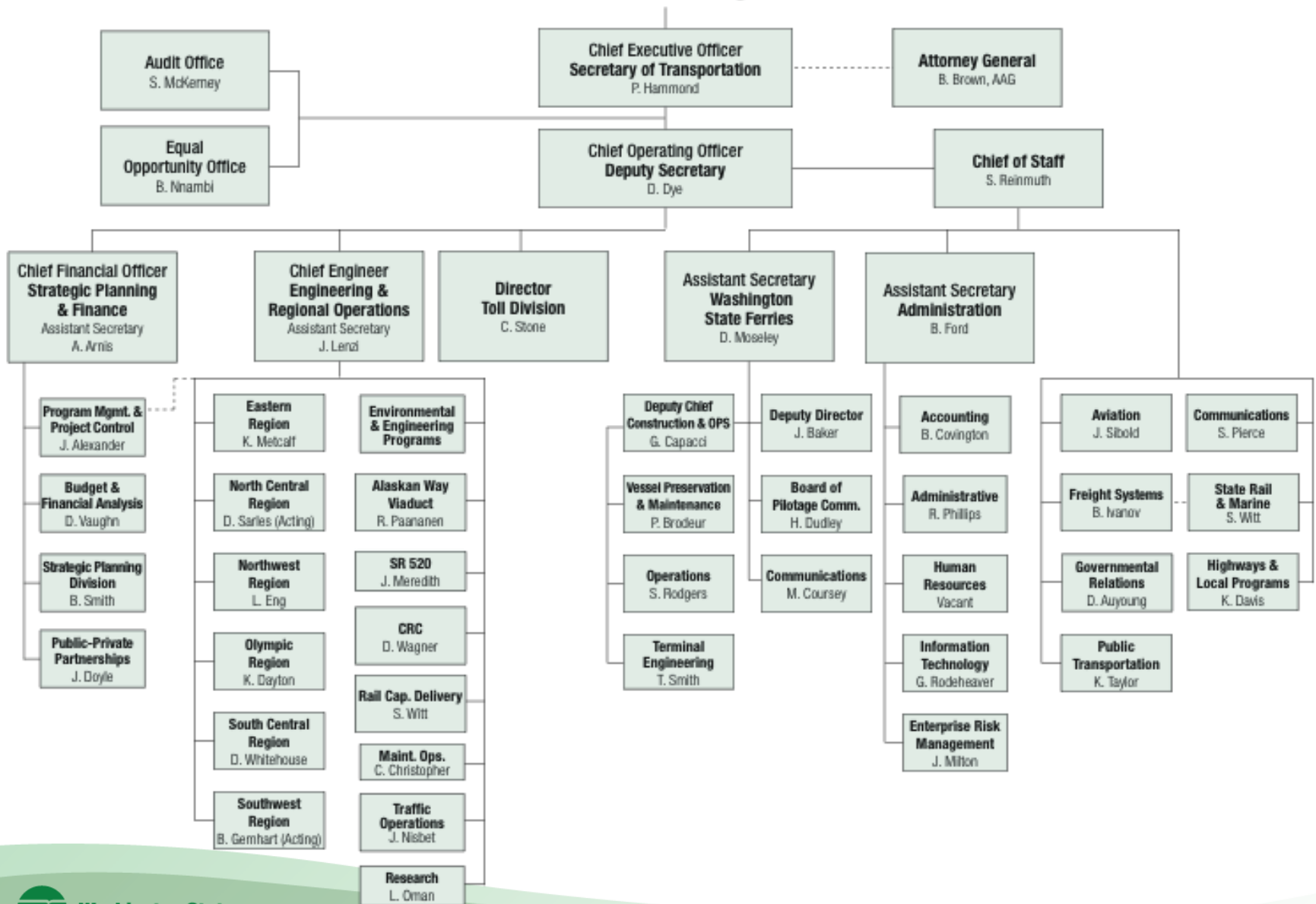
State of Transportation: Moving Washington Forward Transportation Investment for a Sustainable Recovery

Paula Hammond, P.E.
Secretary of Transportation

David L. Dye, P.E.
Deputy Secretary



Citizens of Washington State
Governor Christine Gregoire



Overview

- **Washington's economy depends on a strong transportation system**
- **Washington's transportation system - a valuable asset**
- **Improvements have been made and benefits are recognized**
- **Transportation revenue does not keep up with growing needs**

Washington and the nation's recovery from the economic recession is slow

- **Construction sector employment in Washington is down 30% since its peak in 2007.**
 - At the start of the recession this sector made up 7% of total employment in Washington but has accounted for close to one-third of the total job losses.
 - With the near completion of ARRA projects, Washington lost 4,200 construction jobs during October/November of 2010 - more than any other state.
- **The current statewide unemployment rate in Washington is 9.2%.**
 - People don't have money to spend, businesses can't create jobs, there is less money in the economy.
- **Strategic recovery**
 - Washington will continue to experience the effects of the recession for years to come. Economic recovery is a slow process--investment in transportation infrastructure will help put Washington on the road to recovery.

Source: Washington State Economic Revenue Forecast Council

Strategies to grow Washington's economy

- **Governor Gregoire** – make...“strategic investments in roads, water, telecommunications, and energy”
 - **Put Washington to work** –through creating jobs and supporting small business.
- **Compete in the global economy** – help Washington farmers and manufacturers compete internationally and recruit new companies to locate here.
- **Infrastructure investment puts Washington to work** through jobs now that build a transportation system that supports business and a strong economy for the future.



Washington's economy depends on a strong transportation system

The transportation system plays a crucial role in moving people and goods.

- Over **8 million trips a day** are made on the state's highways.
- **\$27 million of freight moves** on Washington roadways **every hour of every day**.
- Washington's **total exports** were valued at **\$52 billion** in 2009.
- In 2008, **freight dependant industries** accounted for approximately **46% of Washington's jobs**.
 - Retail and wholesale distribution supports 739,700 jobs
 - "Made in Washington" products support over 627,800 jobs

Future economic competitiveness could be threatened by increased highway congestion and declining roadway conditions.



Sources: WSDOT State Rail and Marine Office and WSDOT Strategic Assessment Office

Washington's Transportation System - a valuable asset

Highways

- Carry 86 million vehicle miles/day (*on 18,500 state highway lane miles*)
- 225 lane miles of a planned 320-mile HOV freeway system
- More than 3,600 bridges and structures

Ferries

- Carry 23 million passengers/year (*on 21 ferry vessels, 20 terminals, and 505 daily sailings*)

Passenger rail

- Carries over 800,000 passengers/year (*Partner in Amtrak Cascades state passenger rail*)

Aviation

- 17 WSDOT managed airports, 138 public use airports

Freight rail

- Grain Train delivers over 1.2 million tons of grain (*Since 1994, grain train runs 118 cars including 29 added in 2010*)
- WSDOT owns 296 miles of PCC railroad (*Shipping during 2010 on the PCC rail system increased 20% over 2009 to 8,000 car loads.*)
- 3,600 miles of public and private freight railroad moves 116 million tons of freight. (*2008 data*)

Transit support

- Commute programs support more than 810,000 commuters statewide (*170 million vehicle miles traveled reduced annually*)
- Vanpool program includes more than 2,400 vans (*Washington has the largest public vanpool fleet in the nation*)



Washington's primary transportation revenue source is limited, committed, and doesn't keep up with inflation and growing demand.

76% of all state transportation investments are financed by the gas tax.

37½¢ Per gallon Washington state gas tax rate as of July 1, 2008



-9½¢

261 specific transportation projects statewide*
(2005 Transportation Partnership Projects)



-5¢

160 specific transportation projects statewide
(2003 Nickel Package projects)

**Funded
421 projects**

23¢ Base Gas Tax



-11¢

Supports **cities and counties** for local roads



-4¢

Supports debt service to reduce **bond debt** that funded past highway and ferry projects



8¢

Remains for **maintenance and operations** as well as **preservation, safety improvements, and congestion relief** projects for state highways and ferries

* Of the 9½ cents, 8½ cents is used by the state for highway projects, 1 cent goes to cities and counties for improvements to streets and roads.

Non-gas tax revenue also supports non-highway transportation programs

Non-18 th Amendment Revenue Sources 2011-13 : Estimated \$620 Million Dollars*
Vehicle Sales Tax (0.3%) / Rental Car Tax
License Fees
Other
Ferry Fares
Tolls

Uses of Non-18th Amendment Funds
Rail Operations
Public Transportation
Ferry Operations (85%)
Toll Operations (HOT Lanes, TNB)
Local Programs
Debt Service, Admin and Transfers
Rail Capital - State

- When the state Motor Vehicle Excise Tax (MVET) was repealed, dedicated funding for transportation and the Washington State Ferries was substantially reduced.
 - If MVET was in place today, it would generate more than \$900 million per year for all users with ferries receiving 13% of the tax.
 - Total MVET 10 year loss (2000-2009) = \$9.1 billion (ferries lost 1.78 B in revenues)

In the last 10 years, WSDOT has transformed business practices

- Provided enhanced reporting transparency to the public, Legislature and Governor
- Implemented efficient project and program delivery methods.
- Institutionalized a climate of cost saving and innovative transportation solutions.
- Reducing \$65 million in 09-11 and 11-13 in administrative and overhead reductions
 - Reduced labor costs from health benefit, compensation, and pension changes in Governor's 2011-13 budget will result in an additional \$33 million in savings

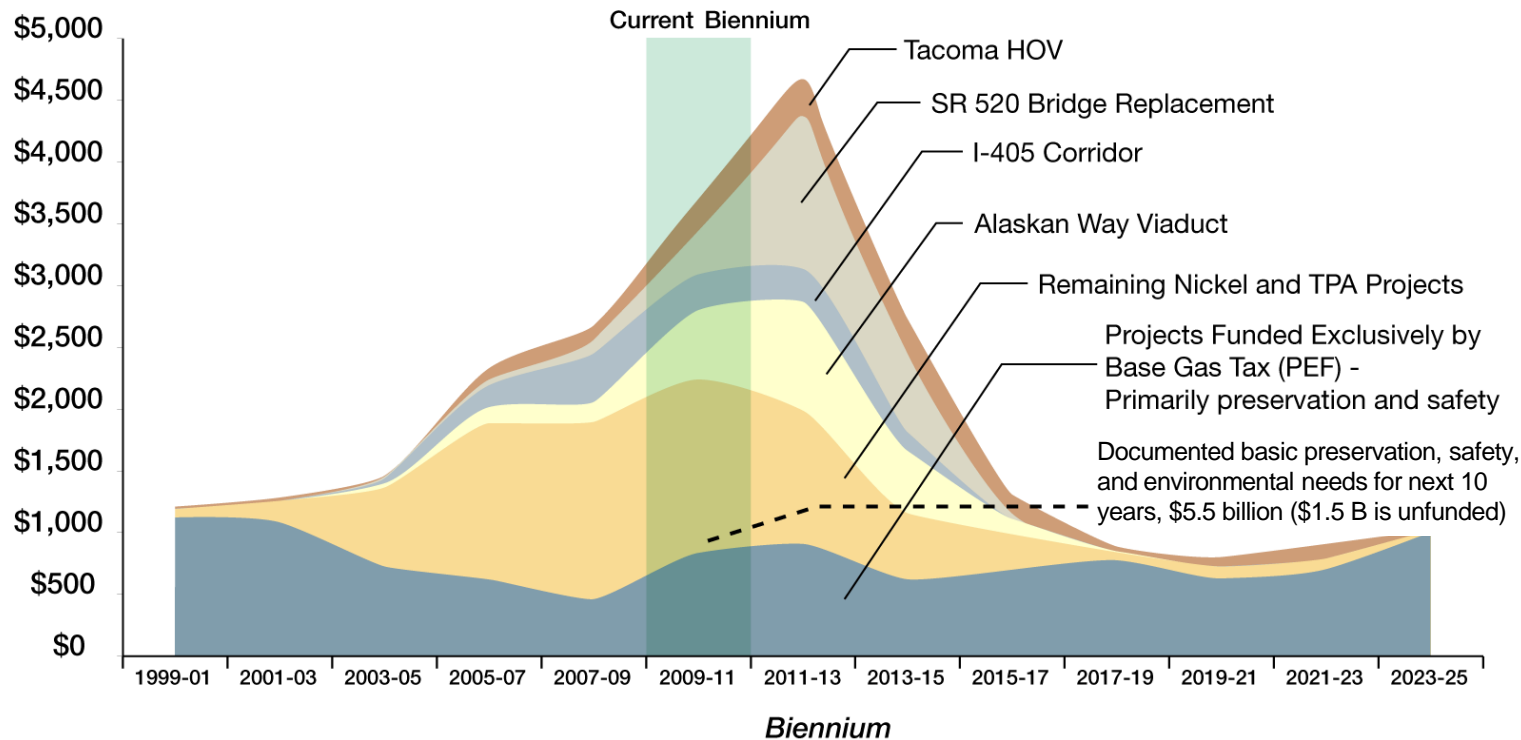
WSDOT is a nationally recognized leader in project delivery, accountability reporting, performance measurement development and tracking and innovative communications.

WSDOT Highway construction program

All funds from the 2003 and 2005 gas tax increases are committed.

2011 Governor proposed budget request - program total with select mega-projects highlighted

Dollars in Millions



74% of highway program dollars are contracted to the private sector.

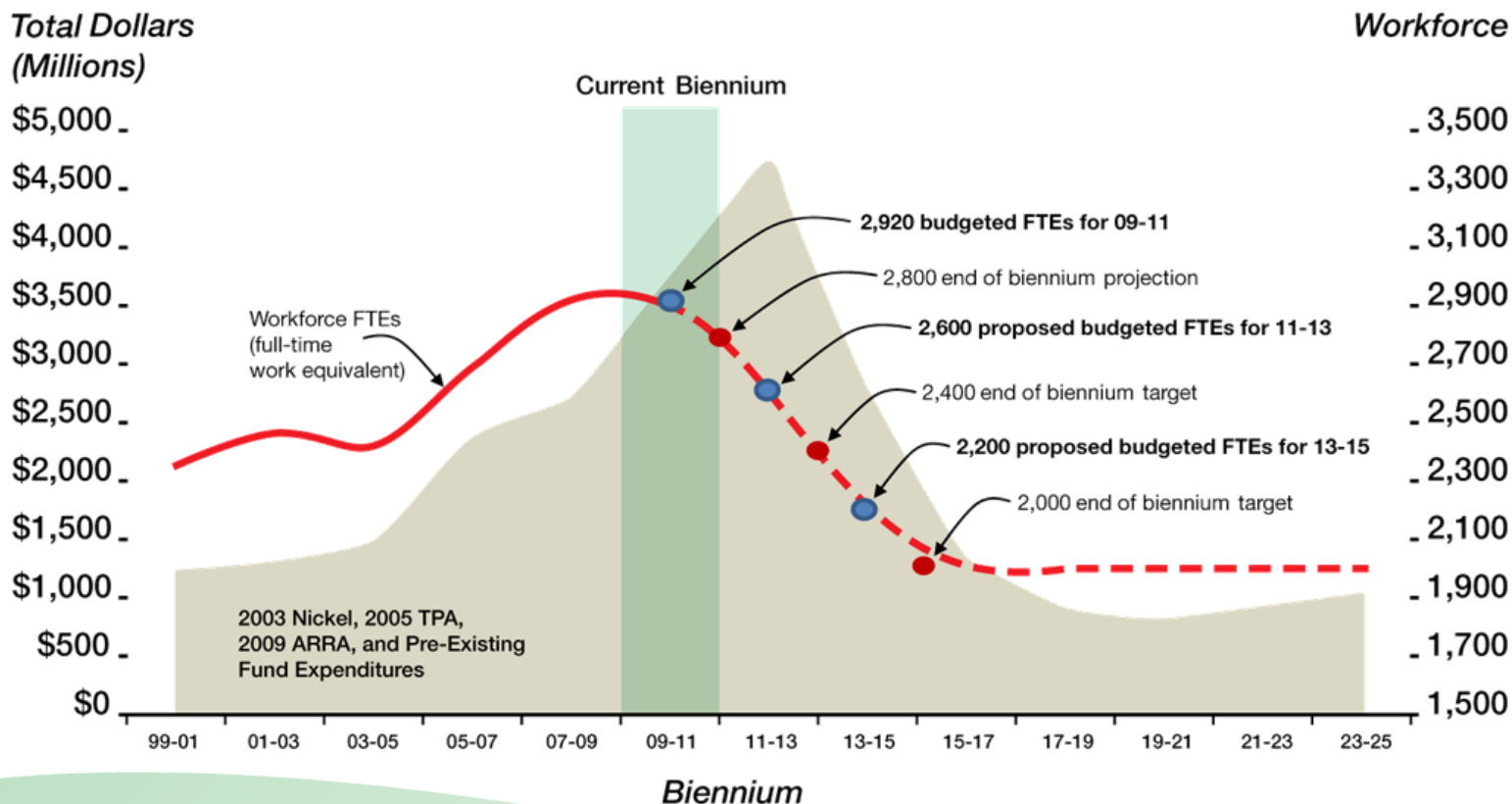
\$6 B of the \$15.5 B in Nickel and TPA will be delivered through our design-build program.

54% of the design effort for Nickel and TPA was delivered by consultants.

WSDOT's engineering and technical support staff will decline

Program expenditures and workforce projection

Includes the Improvement and Preservation programs with two exceptions: Excludes expenditures for the Tacoma Narrows Bridge and expenditures in the Improvement program reimbursed by Sound Transit.



Work is underway to re-invent engineering and technical services at WSDOT.

WSDOT is delivering Nickel and TPA projects

The **2003 and 2005 revenue packages** supported **\$15.5 billion** in infrastructure improvements.

Nickel and TPA delivery performance (as of Nov. 30, 2010)

- **294 projects** are **complete**, **93%** of completed projects “**on budget**”, **91%** of completed projects “**on time**.”
- **By Feb. 28, 2011**: 346 of the 421 projects will be either complete or under construction.

Nickel and TPA projects create jobs

- The **2003 and 2005 gas tax** funding packages are estimated to **support** an average of **10,000 direct, indirect, and induced jobs** each year over a 10-year period.
- The vast **majority of the jobs supported** by the Nickel and TPA are **performed by the private sector**.

Source: WSDOT Strategic Assessment Office



Nickel and TPA projects are meeting or exceed expected benefits for the public.

- **Fatality accidents** on Washington's roadways continue to **decline** from 2005, with a **6% reduction** in one year from 2008 to 2009.
- **State pavements**
 - Over 94% of Washington's highways are in fair or better condition.
- **Bridges:**
 - 98% of the 3,658 bridges are in fair or better condition.
 - 31% of bridges that need to be retrofitted have been or are under contract for seismic retrofit work.
- **Travel delay declined by 21%** on all state highways in 2009 compared to 2007.



Source: WSDOT Transportation Data Office and WSDOT Strategic Assessment Office

WSDOT delivers ARRA state and local projects

- **ARRA delivery performance** (as of Jan. 7, 2011)
 - **State and local:** \$492 million for 219 state highway and local projects
 - **185 highway projects are complete** (34 more are awarded or under construction)
- **Transit:** \$179 million for 55 projects (rural/urban/ferries)
- **High speed passenger rail:** awarded \$751 million in recovery act funding
- **ARRA highway projects have provided over \$144 million in payroll** since February 2009, to employees working over 3.7 million hours
 - In November, workers earned over \$3.9 million, logging more than 93,000 hours on Washington highway projects.



- **TIGER I:** \$65 million (North Spokane corridor and Seattle's Mercer corridor)
- **TIGER II:** \$45 million (King County-South Park bridge, Franklin County-East Foster Wells Rd. extension and Port of Vancouver-West Vancouver freight access)

Source: WSDOT Strategic Assessment Office

Washington State Ferries program

The ferry program continues to struggle with a lack of sustainable funding.

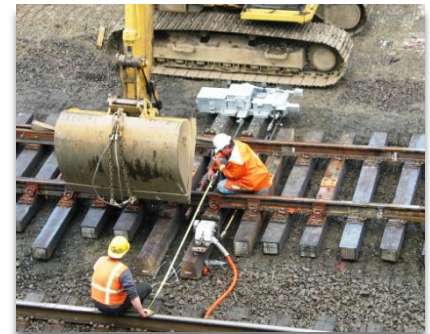
Nickel and TPA provided funding for:

- Three-64 car ferries
 - 1 in operation, 1-80% complete, due for delivery in May 2011, 1-30% complete due in Dec. 2011)
- Two-144 car ferries in final design stage
- Working with FTA on Mukilteo Terminal – NEPA environmental process



Federal funding for WSDOT high speed rail program

- Awarded \$590 million from the application for corridor improvements for the Seattle to Portland segment.
 - Adds 2 additional roundtrips Seattle/Portland, improve reliability from 62% to 88%, with a 10 minute reduction in travel time.
- Awarded an additional \$161 million in redirected funding from Ohio and Wisconsin.
 - Intended to add 2 reliability between Seattle/Vancouver BC and possible roundtrip and travel time savings.
- Funding supports overall program goal of more frequent and reliable Amtrak *Cascades* service.
- Crews will build additional rail line capacity and make improvements and upgrades to tracks, utilities, signals, passenger stations and advanced warning systems.



Source: WSDOT Rail Office

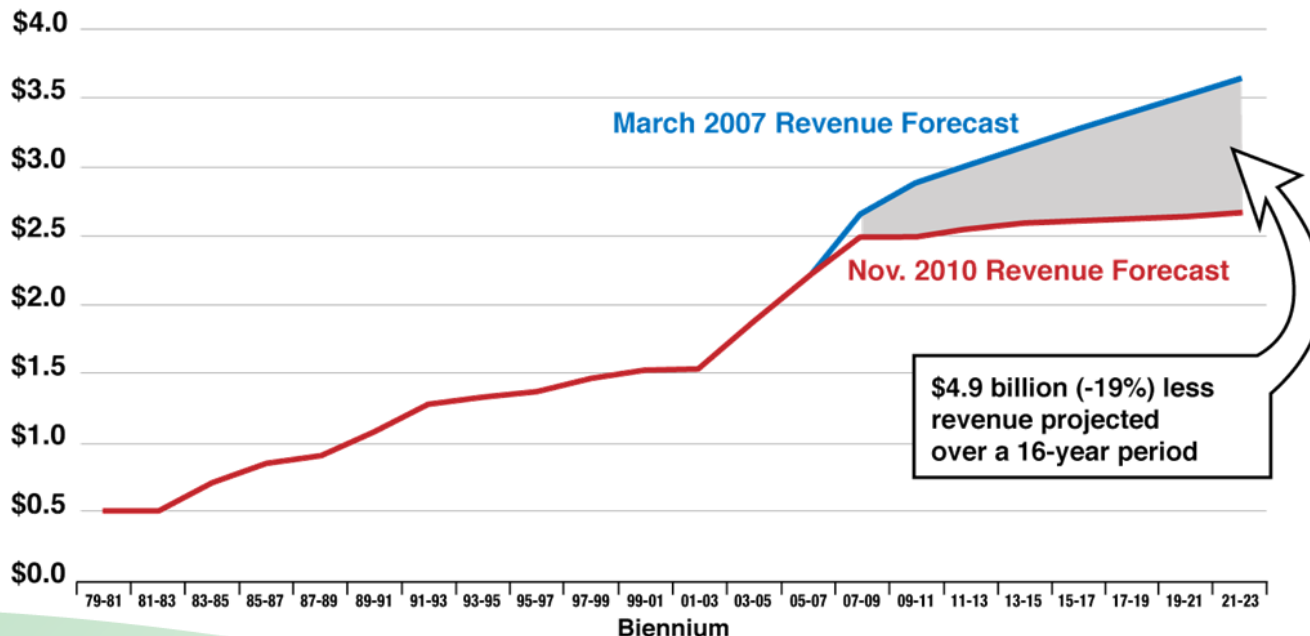
Purchasing power of transportation revenue is declining

- **Revenue forecasts have been reduced**

- More fuel efficient and alternative powered vehicles along with a weaker economic recovery from the recession
- Since March 2007, projected fuel tax revenues have fallen by \$4.9 billion over a 16-year period

Gross fuel tax history with forecast comparison: Mar. 2007 vs. Nov. 2010

Dollars in billions



\$4.9 billion (-19%) less revenue projected over a 16-year period

Federal revenues will likely stay the same or decline

- **SAFETEA-LU** (authorizing legislation), and **current year** (FY 2011 appropriations funding) **extended through March 4, 2011**
- **Congressional transportation committees will try once again to pass a multi-year bill**, but odds are against passage until 2013. Administration promises a proposal in spring, 2011.
- **Funding levels are in flux. In February/March Congress will determine the final funding levels for FFY 2011 and begin to negotiate the FFY 2012 levels.**
 - Earmarks discontinued in House, may be discontinued in Senate, for FFY 2012 and 2013
 - There is some bipartisan support for exempting transportation from the earmark ban
- **WSDOT anticipates federal funding reductions, and forecasts receiving an average of \$580 million in formula funds in each of the next few years – about 20% less than in previous years.** (66% goes to state projects and 34% for local projects).
- **It is critical to our investment strategy to gain federal acceptance of tolling on major state and interstate highways.** This policy shift could be enacted in spite of a stalled authorization bill but is necessary as a piece of the financial plan.

Current funding and purchasing power does not keep up with basic transportation needs

- **Committed projects deferred**

- Legislature deferred 13 Nickel/TPA projects prior to 2011-13 biennium worth more than \$397 million. Even with a favorable bid climate, revenue projections indicate another 13 Nickel/TPA projects worth \$495 million may not be completely funded.

- **Basic maintenance, preservation and operations under funded at state, county and city levels in the next 10 years.**

- More than \$1.5 billion on state highway system.
- Another \$1 billion needed for cities and counties.
- Over \$1 billion in capital and operating/maintenance/preservation for ferry vessels and terminals

- **New environmental commitments increase costs.**

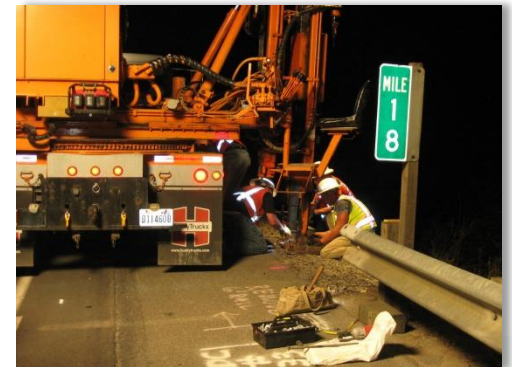
- Stormwater discharge permit requirements.
- Fish culvert case decision.

- **Local transit seeks state support**

- Reduced sales tax collections mean potential service cuts.
- Affects state's most vulnerable populations.
- Transit agencies advocating for state funds to replace MVET.

Our ability to build infrastructure and stimulate economic development is severely restricted

- **Ferry system financial plan is not sustainable**
 - Service cuts are being considered on the majority of ferry routes.
 - Aging vessel and terminals will mean more breakdowns and less reliability.
- **Washington's roadway conditions will decline.**
 - In 15 years, pavement will deteriorate from 94% good/fair to less than 60%.
- **Roadway maintenance service levels will decline.**
 - Level of service will drop from current average of B-/C+ to D/F.
 - Only high-priority snow and ice removal activities.
 - Rougher roads, poor striping and pavement markings, more litter and graffiti.
 - Increased response times for Incident Response.



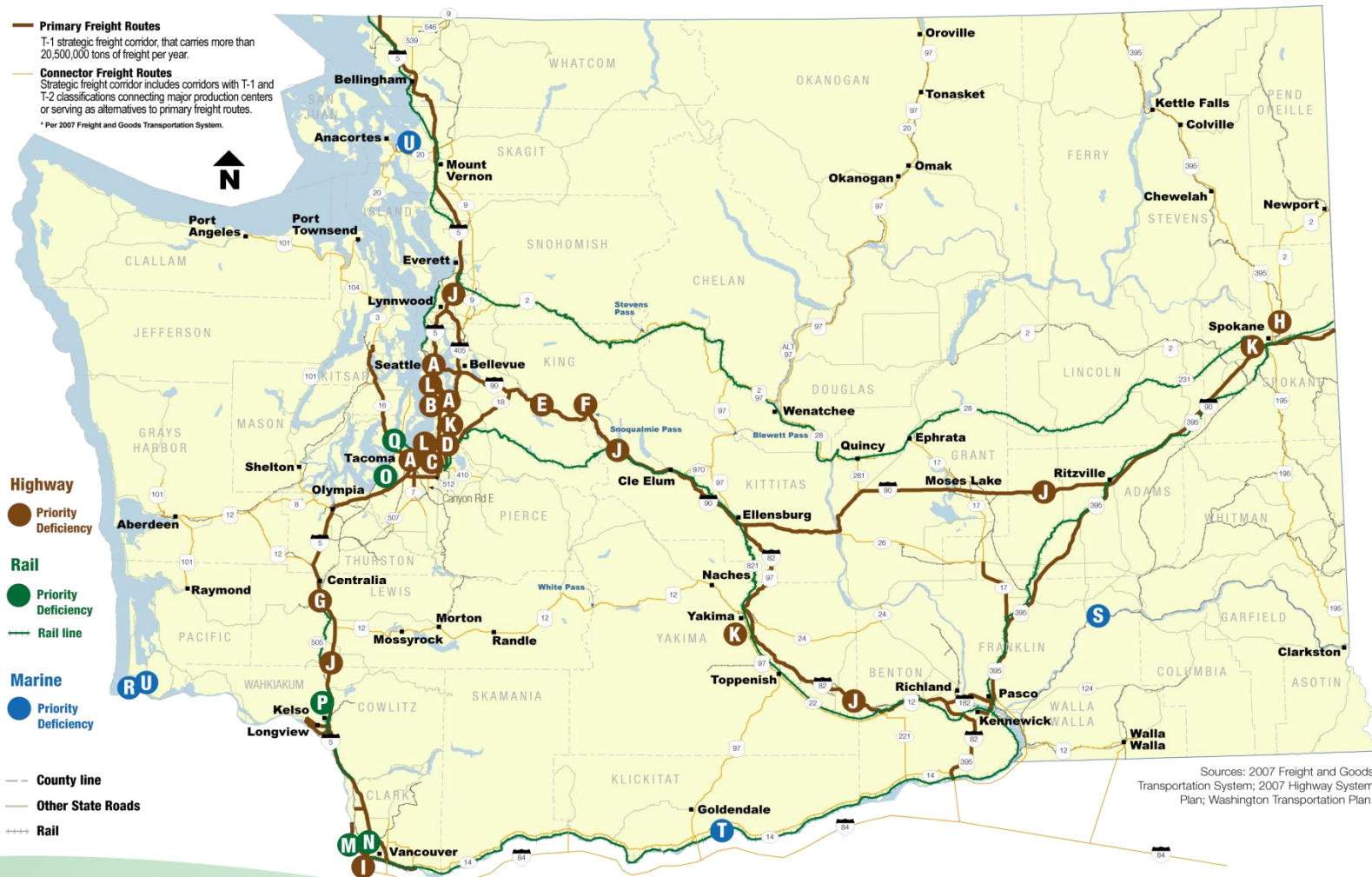
There are growing demands on the system.

- The population is growing -- this means more people will be driving on the roads and more resources will be required to maintain the system.
 - The population of Washington state is expected to **grow 20% between 2010 and 2025.**
 - The number of licensed drivers is expected to **grow 16% between 2010 and 2025.**
 - Vehicle registrations are expected to grow **26% between 2010 and 2025.**
 - **Business and freight movement will increase in a recovering economy.**

Source: Washington State Governor's Office of Financial Management; November 2010
Transportation Economic and Revenue Forecast



There are many un-met freight priority needs in marine, rail and the statewide highway system



Transportation projects at risk without new revenue

Moving Washington

Our three-part strategy to address congestion



Improving the performance of our state's transportation corridors by:

- **Operating Roadways Efficiently**
- **Managing Demand**
- **Adding Capacity Strategically**

- **Mega projects will remain unfinished**
 - SR 520
 - North Spokane Corridor
 - I-90 Snoqualmie Pass
 - I-405
- **These projects will not start construction**
 - Columbia River Crossing
 - I-5 corridor in the vicinity of JBLM (Joint Base Lewis-McChord)
 - SR 167 new freeway extension
 - SR 509 freight and congestion relief
 - 144-car ferry construction
 - No new transportation improvements around the state
- **Reduced support for special-needs transportation and transit grants**
- **Support for intercity passenger rail will decline.**

There are compelling reasons for additional investment in a strong transportation system

- A modern and efficient transportation infrastructure is critical for our economy and will create jobs for Washington state.
- The 2003 and 2005 Gas Tax increases funded projects that are being delivered on time and on budget and are producing real results – but all funds are committed.
- Our growing state transportation needs will outpace our current financial capacity.
- There is a great bidding climate now – WSDOT is seeing more and better bids than ever before.
 - In FY 2010, contracts were awarded an average of 18% below engineer's estimates.
- **A recovered economy will depend on a transportation system that works.**